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**SOAH DOCKET NO. 473-21-0538**  
**PUC DOCKET NO. 51415**

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO CITIES**  
**ADVOCATING REASONABLE DEREGULATION'S SEVENTH SET OF REQUESTS**  
**FOR INFORMATION**

**Question No. CARD 7-20:**

Please identify any differences between SWEPCO's proposed ratemaking treatment of Dolet Hills retirement costs (including any un-recovered investment) and the Commission-approved ratemaking treatment of retirement costs associated with Welsh 2.

**Response No. CARD 7-20:**

Prior to retirement of Welsh Unit 2 in Docket No. 40443, the Commission included Welsh Unit 2 in rate base and included all applicable expenses as the Unit would continue to operate when rates were effective and would be providing service to SWEPCO's Texas retail customers. The Commission did not alter the depreciable life in Docket No. 40443. In the first case after Welsh Unit 2 was retired (Docket No. 46449), the Commission allowed return of but no return on the Welsh Unit 2 net book value.

SWEPCO's proposal for Dolet Hills is consistent with Docket No. 40443 which includes the still operating unit in rate base and includes all applicable expenses so the unit can continue to operate at the beginning of the rate year. However, the unprotected excess deferred income taxes associated with the Tax Cuts and Jobs Act (TCJA), that was not available when the Welsh decisions were made, provides an opportunity not available in Docket No. 40443 or 46449. Capturing this unique opportunity, SWEPCO's proposal to use TCJA items to reduce the net book value of Dolet Hills is described in the Direct Testimony of Thomas P. Brice (pages 5 – 8) and Michael A. Barid (page 23, and pages 48 and 49) and David Hodgson (page 5, and pages 22 and 24).

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